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Dairy and Products

Annual

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Report Highlights:

The FMD crisis has led to increased milk production, but restricted exports to third countries. Despite good demand for cheese, Dutch processors limited their production giving opportunities for German cheese.

Includes PSD changes: Yes

Includes Trade Matrix: Yes

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Executive Summary

Milk and Milk Products: Due to a 72-hour "stand-still" during the FMD crisis, Dutch milk production did not reach the 2000/2001 quota for the first time in history. Since April 2001, however, milk deliveries increased by 2.4 percent. The increased milk production can be explained by low cattle prices due to the BSE crisis and the relatively high price of milk. Consumption of low-fat, tasty and convenient products such as yoghurt drinks increased in 2000.

Cheese: Due to strong world demand, Dutch cheese production rose to 681,000 MT in 2000. During the first seven months of 2001, however, Dutch cheese production declined 5 percent. The main reason for the relatively low production volume is that Dutch cooperatives are switching from bulk production to custom production, tailored to its markets. Cheese products as convenience foods, such as cheese slices, are gaining popularity. Cheese imports from third countries surged to a third of total imports due to the opening of tariff quotas. During the first half of 2001, Dutch cheese exports increased by 2 percent, mainly due to re-exports. Cheese exports to third countries, however, were negatively affected by the FMD crisis.

Butter: In 2000, butter production declined for the second year in a row due to lower milk supplies and increased use of milk for cheese production. Imports from third countries increased, with New Zealand as the third largest supplier. In 2001, butter imports are forecast to remain the same due to unchanged production and exports.

Milk Powders: During the first seven months of 2001, production of non fat milk powder (NFDM) declined by about 10 percent probably driven by low demand from the veal sector. In contrast to NFDM, production of whole dry milk (WDM) increased probably due to the limited use of milk for cheese production. In the past, imports of NFDM and WDM stabilized, while imports from Eastern European expanded considerably. In 2001, milk powder exports to third countries dropped, partly due to the FMD crisis.

Policy: The Dutch Cabinet of Ministers will reportedly campaign for accelerated CAP reforms of the dairy and sugar sector. The Dutch Government is seeking alternative support programs to encourage sustainability and multifunctionality in agriculture and put aside Euro 272 million to de-intensify the dairy sector. In September 2001, and coinciding with the above, the Dutch Cabinet of Ministers also outlined a ten year reform program for the livestock sector.

Marketing: The Dutch dairy sector focuses on international markets and on strong private label brands. In line with the KKM (Chain Quality Milk) quality system, the Dutch feed industry is asking for commitments from suppliers of feed and feed ingredients. From January 1, 2002, a quality assurance system has to be fully operational for foreign suppliers of feed materials.

1997 EURO 1.00 = US\$ 1.16, **1998** EURO 1.00 = US\$ 1.08, **1999** EURO 1.00 = US\$ 1.06

2000 EURO 1.00 = US\$ 0.92, **2001**, average September EURO 1.00 = US\$ 0.91

1997 US\$ 1.00 = Dfl. 1.89, **1998** US\$ 1.00 = Dfl. 2.03, **1999** US\$ 1.00 = Dfl. 2.07

2000 US\$ 1.00 = Dfl. 2.39, **2001**, average September US\$ 1.00 = Dfl. 2.42

Dairy, Milk, Fluid

PSD Table						
Country	Netherlands					
Commodity	Dairy, Milk, Fluid				(1000 HEAD)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Cows In Milk	1,504	1,504	1,400	1,425	0	1,400
Cows Milk Production	10,950	11,155	10,200	11,200	0	10,500
Other Milk Production	65	65	75	75	0	85
TOTAL Production	11,015	11,220	10,275	11,275	0	10,585
Intra EC Imports	1,200	1,228	1,600	1,260	0	1,375
Other Imports	0	0	0	0	0	0
TOTAL Imports	1,200	1,228	1,600	1,260	0	1,375
TOTAL SUPPLY	12,215	12,448	11,875	12,535	0	11,960
Intra EC Exports	55	165	40	175	0	175
Other Exports	0	10	0	10	0	10
TOTAL Exports	55	175	40	185	0	185
Fluid Use Dom. Consum.	1,600	1,630	1,550	1,600	0	1,550
Factory Use Consum.	10,360	10,386	10,200	10,500	0	10,000
Feed Use Dom. Consum.	200	257	85	250	0	225
TOTAL Dom. Consumption	12,160	12,273	11,835	12,350	0	11,775
TOTAL DISTRIBUTION	12,215	12,448	11,875	12,535	0	11,960
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Note: Production, trade, and consumption figures are provided by the Product Board for Dairy. The Central Bureau for Statistics (CBS) is the source of the livestock census. Figures include goat milk (65,000 MT).

Production

Between 1990 and 2000, the number of dairy cattle declined nearly 20 percent from 1.86 million to 1.50 million head. In this decade, milk production remained at about 11.0 million MT due to a rise in milk produced per cow from 6.0 MT to 7.4 MT per year. In 2000, milk production was about equal to production in 1999, or 11.2 million MT. Between March and May 2001, however, the Dutch livestock sector was hit by the FMD crisis. In the East about 100,000 head of cattle were killed. In the quota period April 2000 - April 2001, Dutch milk production did not reach the quota for the first time in history. The quota, set by the EC at 11.0 million MT, was not totally utilized because about 90,000 MT of milk produced was lost as a result of a 72 hour "stand-still" imposed to limit the spread of FMD.

Since April 2001, however, milk delivery increased 2.4 percent, despite the FMD crisis. During the first seven months of 2001, Dutch milk delivery volume increased 1 percent to 6.3 million MT. This is in contrast to milk production in the EU, which stabilized. The average fat content of delivered milk was 4.45 percent (4.38 percent in 2000) and average protein content was 3.44 percent (3.47 percent in 2000). The increased milk production can be explained by low cattle prices due to the BSE crisis. The low prices inhibited farmers from selling their milk cows. Another reason for higher milk production is the relatively high milk price. In The Netherlands, milk use was contrary to that of the EU. Dutch production of cheese declined, while Dutch butter and milk powder production increased.

Consumption

Table 1: Industrial Use of Fluid Cow Milk in The Netherlands
(x 1,000 Metric Tons)

	1997 Milk	1997 Product	1998 Milk	1998 Product	1999 (*) Milk	1999 (*) Product	2000 (*) Milk	2000 (*) Product	2001 (1) Milk	2001 (1) Product
Fluid Cons. Milk (2)	1,650	--	1,569	--	1,579	--	1,577	--	1,545	--
Factory Cheese,										
- Full cream	4,884	536	4,569	505	4,625	515	4,792	536	4,473	500
- Forty-plus	1,476	154	1,253	131	1,224	128	1,260	132	1,289	135
Total	6,394	693	5,853	638	5,884	646	6,052	668	5,753	635
Whole Dry Milk (3)	889	112	908	115	865	110	758	97	860	110
Nonfat Dry Milk	423	39	639	61	744	75	644	69	700	75
Total Dry Milk	1,311	151	1,548	176	1,609	185	1,402	166	1,562	185
Butter	--	--	--	149	--	139	--	126	--	128
Condens/ Evap. Milk	705	328	620	290	593	288	564	274	556	270
Cream	--	--	--	25	--	28	--	26	--	25
Total Factory Use	10,000		10,059		10,164		10,386		10,500	

(*) Updated (1) Forecast (2) Excluding on-farm, cream and condensed milk consumption. (3) Including partially skimmed. SOURCE: Product Board for Dairy and OAA Estimates & Projections

In the last five years, use of fluid milk for processing increased to more than 10 million MT, while fluid consumption and its use for feed purposes declined. The industrial use of fluid milk for cheese production increased considerably in 2000, driven by high export demand, and consequently, the high price for cheese. Due to the expanded cheese production, less milk was available for the production of butter and milk powder. In 2001, production of cheese declined whereas production of milk powders and butter increased.

Table 2: Consumption of Milk and Dairy Products in The Netherlands
(x 1,000 kg)

	1990	1995	1998	1999	2000*	2001 (1)
Milk & Products	2,037,754	2,040,218	1,991,502	2,011,912	2,023,206	2,050,000
Cream & Products	43,594	36,341	36,940	42,650	34,822	32,000
Butter & Products	49,680	53,510	50,979	53,972	52,476	50,000
Cheese & Products	202,599	219,393	224,873	226,420	230,896	240,000
Condensed Milk	122,859	103,587	95,370	102,498	104,605	105,000
Cottage cheese	24,060	29,849	36,402	41,913	45,037	48,000
Total dairy consumption	2,480,546	2,482,898	2,436,066	2,479,365	2,491,042	2,525,000
POPULATION	14,951,000	15,458,000	15,654,000	15,810,000	15,924,000	16,100,000
Total per capita consumption (kg)	167	161	155	157	157	157

Table 3: Consumption of Liquid Milk and Liquid Milk Products in The Netherlands
(x 1,000 kg)

	1990	1995	1998	1999	2000*	2001 (1)
Total Cream	41,452	34,129	24,615	28,437	26,245	24,000
Whole Milk	302,824	201,599	159,806	157,476	160,454	160,000
Half Fat Milk	617,533	682,720	677,082	675,795	680,865	680,000
Skim Milk	15,411	17,525	24,860	23,939	22,806	20,000
Butter Milk	159,948	148,253	138,748	141,419	134,001	130,000
Chocolate Milk & Others	66,041	55,408	67,604	66,479	67,135	68,000
Yoghurt & Products	210,174	205,508	200,965	193,191	175,016	170,000
Yoghurt Drink	115,760	108,338	126,379	125,655	144,131	150,000
Custard & Other Milk Desserts	211,535	209,756	197,619	194,800	192,775	190,000
Total	1,740,678	1,663,236	1,617,678	1,607,191	1,603,427	1,592,000

(*) Updated (1) Forecast SOURCE: Product Board of Dairy, and OAA Estimates & Projections.

Domestic per capita milk and dairy product consumption is now about 157 kg, after a moderate decline in the last decade. Household purchases of dairy products, excluding cheeses, was Euro 1.4 billion in 2000. Since 1995, the per capita consumption of milk, cream, butter milk, and desserts (yoghurt and custard puddings) has steadily declined. The per capita consumption of dairy drinks such as yoghurt drinks increased 5.7 percent during 2000. Milk consumption declined 2.2 percent in the past year. In The Netherlands, dairy products are the most popular types of "functional

foods." The most important aspect, however, is taste and delicacy of the product. In The Netherlands, milk and dairy products are increasingly sold through supermarkets.

Table 4: Consumption of Liquid Milk and Liquid Milk Products by Sales Channel (%)

	1990	1995	1999	2000	2001 (1)
Supermarkets	82.2	94.0	96.7	96.9	97.0
Markets	0.1	0.1	-	-	-
Ambulatory Channel	9.1	3.9	2.0	2.0	2.0
Specialty Shops	0.6	0.4	0.2	0.2	0.2
Other	7.4	1.6	1.1	0.9	0.8

(*) Updated (1) Forecast. SOURCES: Product Board for Dairy, and OAA Estimates & Projections.

Trade

Exports of fluid milk is limited because most of the milk produced is delivered to dairy companies in The Netherlands. The largest dairy producers in The Netherlands are the cooperatives "Friesland Coberco," processing 50 percent of the Dutch milk supply and "Campina Melkunie" processing 30 percent. During 2000, the market for dairy products was firm due to a rising world economy which increased export demand for cheese. Dutch dairy exports increased by 5 percent to Euro 3.52 billion, mainly due to rising cheese and milk powder exports. Dutch dairy imports increased only one percent to Euro 1.84 billion. In the first seven months of 2001, however, Dutch cheese and milk powder exports decreased considerably.

Policy

EU policy

- The Dutch Cabinet of Ministers will reportedly announce soon that it is seeking, along with the Germans, to accelerate CAP reforms of the dairy and sugar sector for 2003/2004, prior to EU enlargement. The Dutch Government fears that the current system of price and income supports will not be adequately funded after EU enlargement. They are seeking alternative support programs to encourage sustainability and multifunctionality in agriculture (see report NL1059 and NL068).

- In May 2001, the Dutch MinAg and the Dutch Dairy Organization (NZO) updated a joint-report about the U.S. dairy sector in relation to the WTO. The report concludes that the U.S. dairy policy is as protectionist as the EU dairy policy. The report is expected to be used as a defense by the European Union for its own system during WTO negotiations.

Environment

- In mid 2000, the Ministry of Agriculture published a policy paper "Voedsel en Groen" supporting less intensive farming systems with fewer animals, reduced environmental damage, improved animal welfare, better communication between consumers and producers, and better quality products. The sector realizes that to overcome reforms, the Dutch dairy sector must adopt multifunctionality and product differentiation. The Dutch Government has committed to maintaining dairy farms as an important cultural heritage. In July 2001, the Dutch Cabinet made available Euro 272 million to "de-intensify" the dairy sector. In September 2001, the Dutch Cabinet of Ministers also outlined a ten year

reform program for the livestock sector, reportedly due to environmental and disease concerns in the livestock sector. Specific reforms are not yet known, but proposals indicate the limits on the duration of transport for livestock and reconsideration of EU policy of no vaccinations against FMD. Other measures mentioned are the reduction of the dependency on imported grains and oilseeds for feed purposes, limits on the number of animals per hectare and support for organic production (see report NL1068).

- In 1998, the Government imposed a program called "MINAS" to control nitrate emissions. Since the introduction of the program, nitrate emissions have been reduced by 15 percent. Emissions still do not conform to the EU Nitrate Directive, effective in 2003. It is expected that "MINAS" will have a significant effect on farm management. The Dutch Farm Bureau (LTO) expects that 60 to 80 percent of Dutch dairy farmers will discontinue grass-feeding cattle. This could lead to increased third country imports particularly corn gluten feed. All parties involved see this as an unintentional and undesirable effect of the proposed regulations. The Dutch Agricultural and Environment Ministries want the EU to relax the strict emission norms.

- In The Netherlands, organic milk consumption is not more than 2 percent of total milk consumption. During the past year, the market grew considerably due to the BSE and FMD crisis. Because of the needed transition time, it is expected that a shortage of organic milk may develop. The largest organic dairy processors are: Ecomel, a subsidiary of "Campina," "Swentymilk," and "Friesche Vlag", with a volume of 37, 25, and 14 million kg per year, respectively. The bonus paid by the milk processors to the farmer for organic milk is about six Euro cents per kilo.

Biotechnology

- Nearly one year ago, the Dutch Government published a biotech policy paper in which research funds were made available (see report NL0053). The industry's reaction to the paper was that the Government funding was for methods to identify GMOs rather than on practical research and applications. Recently, the Dutch Government established a biotech research fund of Euro 227 million (see report NL1067) which use has been limited to detection methods. In June 2001, the first in a series of public forums or "debates" on "Biotech and Food," was initiated (see report NL1048). The public forums are funded by the Dutch Government to obtain consumer feedback concerning the use of biotechnology in food production.

- The Dutch Farmer Association LTO, announced their plans to eliminate GM corn ingredients in dairy feed and is reportedly preparing an Identity Preserved supply line of non GM corn gluten feed to be ready by mid 2002. About 60,000 MT of corn gluten feed is imported monthly from the US and consumed by the Dutch dairy sector. The dairy sector is highly dependent on these imports since it comprises about 20 percent of dairy feed formulation. Many sources in the feed and related sectors consider the LTO's assurances unrealistic and a marketing ploy.

Veterinary Situation in the Dairy Sector

BSE

On December 22, 2000, the Standing Veterinary Committee accepted the EC proposal to exempt The Netherlands and Denmark for the "Purchase and Destruction" scheme the intervention and destruction program for un tested cattle older than 30 months. The Standing Veterinary Committee concluded that The Netherlands has sufficient BSE testing capacity. Since 1997, twenty-four cases of BSE have been discovered in The Netherlands. In addition, two Dutch cows with BSE were found in the UK. For detailed information regarding BSE, see report NL1053.

FMD

Between March 21 - May 10, 2001, 26 cases of FMD were confirmed. Most of the cases were found in the East in the provinces of Gelderland and Overijssel. All vaccinated animals were killed. The total number of farms which were culled is estimated to be 1,750. By the end of June, the final number of animals killed in the controlled areas was estimated at 266,155 head, of which: 92,706 were cattle, 118,360 pigs, 34,918 sheep, 8,519 goats, and 11,652 other animals. For detailed information regarding FMD, see report NL1069.

Marketing

- The Dutch dairy sector is dominated by two cooperatives one in the North and one in the South. The dairy industry focuses on international markets and on private label brands (report NL0050). "Campina," previously "Campina Melkunie," is in the South, and processes 30 percent of Dutch milk with sales of EURO 3.9 billion in 2000. "Campina" is focused on the western European market. "Friesland Coberco," in the north, processes 50 percent of Dutch milk. Its sales in 2000 were EURO 4.1 billion. It is more export-oriented than Campina and recently bought the dairy and beverage division of Numico for EURO 300 million. Asia is a particularly important market for "Friesland Coberco," which constitutes about 18 percent of its volume. "Friesland Coberco" and Campina are both present in North and South America each with a share of 4 percent of total sales. Despite the FMD crisis, "Friesland Coberco" and Campina expect profits to stabilize in 2001. Another large Dutch dairy company, Wessanen (EURO 3.9 billion in sales 2000) traditionally produces cheese and ice-cream but is currently focusing on health foods. Wessanen's dairy enterprises based in the U.S., Crowley Foods and Marigold Foods, have recently been sold to National Dairy Holdings for Euro 436 million.

- In 1998, the Dutch Government began enforcing the regulation "Keten Kwaliteit Melk," or Chain Quality Milk (KKM) designed to guarantee certain quality parameters of milk. Almost all milk now conforms to KKM, and, as a consequence, reduced payments are given for non KKM milk. The sector expects the KKM regulations to be expanded with HACCP to KKM⁺. In line with the KKM quality system, the Dutch feed industry is asking for new commitments from the suppliers of feed and feed ingredients. From January 1, 2002, the quality assurance system has to be fully operational for foreign suppliers of feed materials. A supplier located abroad, can implement a Quality Control (QC) system based on HACCP.

- As a reaction to increased competition from Australia and New Zealand in the world cheese market, five cheese producers in the EU, one of which is the Dutch company Campina, have begun exploring more efficient maturing processes.

Outlook U.S. Trade

The Netherlands is the third largest cheese exporter and the second largest butter exporter in the world. The Netherlands is the fourth largest cheese exporter to the U.S., after New Zealand, Italy and France. Dutch dairy exports to the U.S. are valued at US\$ 85 million, \$ 40 million of which is cheese. U.S. dairy exports to The Netherlands are limited by tariffs, tariff quotas and phytosanitary requirements and are valued at about US\$ 10 million. The Dutch dairy sector claims that the domestic focus of the U.S. dairy sector, and its small investments in marketing in the EU are the main reason for the limited exports. However, the Dutch farm Organization LTO reacted uncharacteristically anti-trade when a U.S. high quality specialty cheese producer concluded a first-ever agreement with the largest retailer in The Netherlands to market his unique cheeses. The dairy representative who since then has been replaced, appeared on national TV. He questioned the quality of the cheese and criticized the retailer for offering it to the public.

Table 5: U.S. - Dutch Trade in Dairy Products in 2000 and 2001

	Dutch Export		Dutch Export to US		US Export		US Export to NL	
	2000	*2001	2000	*2001	2000	*2001	2000	*2001
Cheese	495,000	490,000	14,000	15,000	47,000	65,000	955	625
Butter	104,000	76,000	0	0	8,200	3,000	0	0
Milk powder	277,000	226,000	0	0	#103,000 (2)	#86,000	260	235
Whey	112,000	na	2,000	na	202,000	190,000	120	560

(*) Forecast (#) Exclusive whole dry milk Source: Product Board for Dairy and BICO

Prices

The FMD crisis caused dairy prices to drop in May 2001. After a recovery in June, prices declined further in July as a result of low export restitutions and low demand for milk powder from the veal sector. Compared to 1999/2000, however, prices for dairy products remained at relatively high levels which had a positive effect on milk prices paid to farmers. Nevertheless, many Dutch dairy farmers, are moving to America, Oceania Denmark and Eastern Europe. They are pressured by environmental regulations, high land prices and high prices for purchasing milk quotas from other producers. In addition, prices for feed have increased considerably during 2000/2001. According to the Dutch Agricultural and Economic Institute (LEI), the family income for Dutch dairy farms increased from Euro 20,400 in 1999/2000 to Euro 23,600 per year in 2000/2001.

Cheese

PSD Table						
Country	Netherlands					
Commodity	Dairy, Cheese				(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Beginning Stocks	142	142	170	177	180	175
Production	681	683	650	650	0	640
Intra EC Imports	40	46	40	43	0	45
Other Imports	33	37	35	40	0	50
TOTAL Imports	73	83	75	83	0	95
TOTAL SUPPLY	896	908	895	910	180	910
Intra EC Exports	417	416	425	415	0	400
Other Exports	79	79	60	75	0	80
TOTAL Exports	496	495	485	490	0	480
Human Dom. Consumption	225	231	225	240	0	250
Other Use, Losses	5	5	5	5	0	5
Total Dom. Consumption	230	236	230	245	0	255
TOTAL Use	726	731	715	735	0	735
Ending Stocks	170	177	180	175	0	175
TOTAL DISTRIBUTION	896	908	895	910	0	910
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	15	14	15	15	0	15

Note: Production, trade, and consumption figures are provided by the Product Board for Dairy, and include cheese produced on farms, exclusive of curd since 1998 and exclusive goat cheese.

Production

Dutch cheese production reached a record level of 693,000 MT in 1997. In 1998 and 1999, however, Dutch cheese production dipped to 638,000 and 655,000 MT, respectively. Since mid 1999, exports have risen due to a strong US\$ and increased demand on the world market. As a consequence, Dutch cheese production rose to 681,000 MT in 2000. Production increased, especially of Gouda, both block and rindless, mostly for the hotel and catering industry. It is generally expected that cheese as an ingredient for pizza and for hamburgers, will be the main growth areas, domestically and internationally. The Product Board for Dairy forecast that 2001 cheese production will be higher than the record level of 1997. During Jan/July 2001, however, Dutch factory cheese production declined 5 percent relative to the first seven months of 2000. This is in contrast to cheese production in the EU, which increased 3 percent during the Jan/June 2001. Markets, previously supplied by Dutch cheese producers, have reportedly been taken over by German producers. The main reason for the low Dutch cheese production is the market driven production of the main Dutch cooperatives. Less cheese is produced as bulk, but marketed instead in predetermined volumes. Another reason for the low cheese production is the increased production of dairy drinks with high added value.

Table 6: The Netherlands: Production of Cheese by Type
(In 1,000 Metric Tons)

	1997	1998	1999	*2000	**2001
Total Full Cream	537.0	504.7	515.1	535.8	515
- Gouda (traditional)	295.0	272.8	268.8	270.9	265
- Gouda (block)	56.0	65.4	72.2	74.0	75
- Maasdam	104.0	97.3	107.3	117.6	105
- Gouda (rindless)	53.7	43.9	50.4	60.2	60
- Others	28.3	25.3	16.4	13.1	10
Total 30 - 40 plus	153.0	130.6	127.5	132.3	120
- Edam (traditional)	66.2	53.4	48.9	52.1	50
- Edam (loaf-type)	6.2	8.3	8.6	6.2	5
- Edam (block)	4.2	8.6	8.7	6.6	5
- Edam (rindless)	30.8	27.1	27.9	31.7	30
Total 20 - plus & others	2.9	2.7	3.0	3.0	3
Total Factory cheese	692.7	638.0	645.6	671.1	638

(*) Updated (**) Forecast. All figures exclusive of goat cheese. SOURCES: Product Board for Dairy, and OAA Estimates & Projections.

Consumption

During the past decade, per capita consumption of cheese has risen from 13.6 kg to 14.5 kg in 2000. Increased per capita consumption is reported for cheese powder and processed cheese, which are commonly used for pasta, pizza, and hamburgers. Dutch household purchases of cheese, Euro 0.9 billion per year, is growing by about three to four percent annually. Note that cheese purchases per household declined because households have become smaller. The trend seen in cheese purchases is a sales increase of convenience products, such as grated cheese or cheese slices. Consumption of cottage cheese, domestically used as a lean dessert or ingredient, nearly doubled in the last decade and is expected to grow further, reflecting concerns about high calorie intake. The share of foreign cheeses is relatively stable at about 20 percent, with goat sheep and mozzarella cheeses gaining popularity. Also, sales through supermarkets have increased in the past decade.

Table 7: Consumption of Cheese by Type in The Netherlands
(Kg per 100 households)

	1990	1995	1999	2000 *	2001 (1)
Gouda	71.5	59.4	57.3	58.2	59
Edammer	4.9	3.2	2.9	2.4	2
Other Dutch cheese	12.3	22.1	25.5	24.3	24
Soft cheeses	-	5.7	5.8	6.0	6.2
Fresh cheeses	-	3.4	2.6	2.4	2.2
Cheese spread	-	4.3	4.0	4.7	5.5
Other cheeses	-	1.9	2.1	2.1	2.2
Total cheeses	2,396	2,253	2,188	2,165	2,150
Consumption of Cheese by Sales Channel (%)					
Supermarkets	60.4	72.5	77.2	79.8	82.5
Markets	13.7	10.4	9.9	8.8	8.0
Ambulatory Channel	2.9	2.6	-	-	-
Specialty Shops	10.3	7.9	7.8	7.0	7.0
Other	12.7	6.6	5.1	4.3	2.5

(*) Updated (1) Forecast. All figures exclusive of goat cheese. SOURCES: Product Board for Dairy, and OAA Estimates & Projections.

Trade

Total cheese imports per year declined from about 90,000 MT during the mid nineties to about 75,000 MT in 1999. In 2000, however, Dutch cheese imports recovered to 83,000 and are expected to increase further in 2001. This expansion is caused by a rise in third country cheese imports, which increased from 7,000 MT in 1995, to 37,000 MT in 2000. During this period, Dutch cheese imports from Australia surged from 1,000 MT to nearly 20,000 MT. Dutch imports of Australian cheese are mainly cheddar for food processing industry and hotel, restaurant sector. Cheese imports from non EU destinations have risen as a consequence of opening tariff quota's for milk products from the African, Caribbean and Pacific States (ACP States), per EC Regulation 98/1374 and 98/2414. It is anticipated that third country cheese imports will grow further as a result of additional WTO and/or bilateral agreements which will improve market entry.

Dutch cheese exports reached a low point in 1998 after peaking at 546,000 MT in 1996. Since the summer of 1999, Dutch cheese exports recovered from the economic crisis in Russia and Asia. In 2000, good demand for cheese on the world market continued, and Dutch cheese exports rose 3 percent to 495,000MT, rising 32 percent to third countries. Growth was mainly reported for Russia, Japan and Mexico in that order.

During the first half of 2001, Dutch cheese exports increased by 2 percent to 247,000 MT. This expansion was mainly generated by re-exports. In the EU, the BSE and FMD crises had a positive effect on cheese consumption. Germany remained the most important destination with 40 percent of total exports. Belgium is the second most important market with a 12 percent share. Dutch cheese exports to Greece, Spain and the UK expanded by two digits, but remain a small portion of the total. In contrast with exports to EU member states, Dutch cheese exports to third countries declined by about 10 percent despite increased world demand and a strong US\$. The FMD outbreaks reportedly had a negative effect on exports to non EU destinations. Australian and New Zealand cheese exports profited from the strong US dollar.

Trade Matrices

Import Trade Matrix			
Country	Netherlands		
Commodity	Dairy, Cheese		
Time period	CY	Units:	Metric Tons
Imports for:	2000		Forecast 2001
U.S.	230	U.S.	150
Others		Others	
E.U.	45,577	E.U.	43,000
-France	7,934	-France	7,000
-Belgium/Lux	8,964	-Belgium/Lux	8,000
-Germany	15,459	-Germany	18,000
-U.K.	4,998	-U.K.	2,000
-Denmark	3,523	-Denmark	3,000
New Zealand	9,510	New Zealand	12,500
Lithuania	1,774	Lithuania	2,000
Australia	19,865	Australia	22,500
Total for Others	76,726		80,000
Others not Listed	6,416		2,850
Grand Total	83,372		83,000

Export Trade Matrix			
Country	Netherlands		
Commodity	Dairy, Cheese		
Time period	CY	Units:	Metric Tons
Exports for:	2000		Forecast 2001
U.S.	13,696	U.S.	14,000
Others		Others	
E.U.	415,853	E.U.	415,000
-France	51,078	-France	50,000
-Belgium	52,637	-Belgium	56,000
-Germany	202,765	-Germany	192,000
-Italy	24,836	-Italy	26,000
-Spain	22,178	-Spain	26,000
-Greece	24,848	-Greece	27,000
Russia	8,016	Russia	5,000
Japan	9,600	Japan	11,000
Mexico	6,498	Mexico	5,000
Total for Others	439,967		436,000
Others not Listed	41,206		40,000
Grand Total	494,869		490,000

Source: Product Board for Dairy. Figures are inclusive cheese produced on farm, exclusive curd and exclusive goat cheese. Dutch imports of curd are yearly around 30,000 MT (97 percent EU origin), Dutch exports around 1,000 MT.

Prices

Prices for cheese remained high due to strong demand.

Outlook U.S. Trade

Please refer to the section "Outlook U.S. Trade" under Dairy, Milk, Fluid for cheese.

Dairy, Butter

PSD Table						
Country	Netherlands					
Commodity	Dairy, Butter				(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Beginning Stocks	88	88	87	91	85	100
Production	128	126	128	128	0	120
Intra EC Imports	33	33	40	23	0	20
Other Imports	10	16	10	26	0	25
TOTAL Imports	43	49	50	49	0	45
TOTAL SUPPLY	259	263	265	268	85	265
Intra EC Exports	91	91	100	88	0	87
Other Exports	29	29	30	30	0	30
TOTAL Exports	120	120	130	118	0	117
Domestic Consumption	52	52	50	50	0	48
TOTAL Use	172	172	180	168	0	165
Ending Stocks	87	91	85	100	0	100
TOTAL DISTRIBUTION	259	263	265	268	0	265
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Note: Production, trade, and consumption figures are provided by the Product Board for Dairy.

Production

In 2000, butter production declined for the second year a row due to lower milk supplies and the increased use of milk for cheese production. In 2000, butter production declined by 10 percent to 126,000 MT. During the first seven months of 2001, however, Dutch butter production increased 1 percent to 83,000 MT. In the EU, butter production declined 1 percent during the first half year of 2001.

Consumption

During the past five years, Dutch per capita consumption of butter has declined slightly from 3.4 kg to 3.3 kg. This decline is probably due to the introduction of healthy margarine brands. Per capita consumption of regular margarine has declined, while the consumption of low fat margarine called halvarine increased. In 1999, domestic per capita consumption of butter, margarine, and halvarine was 3.3 kg, 6.8 kg and 3.1 kg, respectively.

Trade

In 2000, Dutch butter imports declined by 10,000 MT to 49,000 MT. Most important suppliers to The Netherlands were Ireland and Belgium. Imports from third countries, however, increased during the last decade. New Zealand is the third largest foreign supplier to The Netherlands with 6,200 MT. In 2001, butter imports are forecasted to stabilize due to stabilizing production and exports. During 2000, exports of butter stabilized at about 120,000 MT because of limited domestic production. Export growth was reported for France and North Africa, while exports to Germany declined. During the first half year of 2001, Dutch butter exports stabilized at 59,000 MT.

Trade Matrices

Import Trade Matrix			
Country	Netherlands		
Commodity	Dairy, Butter		
Time period	CY	Units:	Metric Tons
Imports for:	2000		Forecast 2001
U.S.	0	U.S.	0
Others		Others	
E.U.	32,678	E.U.	23,000
-France	688	-France	500
-Belgium/Lux	8,262	-Belgium/Lux	7,500
-Germany	2,978	-Germany	2,000
-U.K.	6,075	-U.K.	4,000
-Ireland	10,912	-Ireland	7,500
New Zealand	6,228	New Zealand	10,000
Estonia	1,184	Estonia	2,000
Czech Rep.	1,365	Czech Rep.	2,000
Lithuania	1,200	Lithuania	2,000
Total for Others	42,655		39,000
Others not Listed	6,347		10,000
Grand Total	49,002		49,000

Export Trade Matrix			
Country	Netherlands		
Commodity	Dairy, Butter		
Time period	CY	Units:	Metric Tons
Exports for:	2000		Forecast 2001
U.S.	19	U.S.	50
Others		Others	
E.U.	90,786	E.U.	118,000
-France	24,373	-France	27,000
-Belgium	18,319	-Belgium	29,000
-Germany	41,325	-Germany	51,000
Switzerland	5,018	Switzerland	2,000
Russia	950	Russia	200
Saudi Arabia	3,470	Saudi Arabia	7,500
Egypt	2,094	Egypt	7,000
Morocco	6,254	Morocco	3,500
Singapore	2,345	Algeria	4,000
Total for Others	110,917		142,200
Others not Listed	9,112		22,750
Grand Total	120,048		165,000

Trade Matrix Note: The 2000 figures are provided by the Product Board for Dairy.

Prices

During the first two months of 2001, a surplus of fats developed which affected demand for milk powders and butter. During March - May 2001, the price of butter stabilized since it was not affected by the FMD crisis. Since the end of August, however, the price of butter has dropped due to low exports and large stocks.

Dairy, Milk, Nonfat Dry

PSD Table						
Country	Netherlands					
Commodity	Dairy, Milk, Nonfat Dry				(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Beginning Stocks	29	29	50	47	40	5
Production	50	69	45	62	0	60
Intra EC Imports	200	173	170	77	0	125
Other Imports	70	45	60	60	0	65
TOTAL Imports	270	218	230	137	0	190
TOTAL SUPPLY	349	316	325	246	40	255
Intra EC Exports	54	36	60	39	0	35
Other Exports	80	68	60	37	0	50
TOTAL Exports	134	104	120	76	0	85
Human Dom. Consumption	15	15	15	15	0	15
Other Use, Losses	150	150	150	150	0	150
Total Dom. Consumption	165	165	165	165	0	165
TOTAL Use	299	269	285	241	0	250
Ending Stocks	50	47	40	5	0	5
TOTAL DISTRIBUTION	349	316	325	246	0	255
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Note: Production, trade, and consumption figures are provided by the Product Board for Dairy.

Production

During the first half of 2000, nonfat milk powder production declined but recovered to 69,000 MT, a 17 percent increase compared to 1999. During the first seven months of 2001, production of non fat dry milk powder (NFDW) declined by about 10 percent probably driven by low demand from the veal sector for feed. The white veal export market declined significantly due to the FMD crisis.

Trade

During the past five years, Dutch NFDM imports were about 225,000 MT annually. In 2000, Dutch NFDM imports declined 5 percent to 218,000 MT. Most imports come from Germany, Ireland and the UK but imports from Eastern Europe are gradually increasing. In 2000, Dutch exports of nonfat milk powder nearly doubled due to higher export demand outside the EU. The main growth markets were Mexico and Indonesia. During the first half year of 2001, Dutch NFDM exports declined by 26 percent to 38,000 MT. Main reasons are a low demand from third countries and low EU export restitutions.

Trade Matrices

Import Trade Matrix			
Country	Netherlands		
Commodity	Dairy, Milk, Nonfat Dry		
Time period	CY	Units:	Metric Tons
Imports for:	2000		Forecast 2001
U.S.	0	U.S.	0
Others		Others	
E.U.	173,128	E.U.	77,000
-France	14,220	-France	5,000
-Belgium	16,067	-Belgium	5,000
-Germany	66,669	-Germany	25,000
-Ireland	36,690	-Ireland	15,000
-U.K.	27,476	-U.K.	5,000
Poland	6,680	Poland	7,500
Estonia	4,833	Estonia	5,000
Ukraine	10,806	Ukraine	12,500
Czech Rep	4,642	Czech Rep	5,000
Total for Others	200,089		107,000
Others not Listed	18,303		30,000
Grand Total	218,392		137,000

Export Trade Matrix			
Country	Netherlands		
Commodity	Dairy, Milk, Nonfat Dry		
Time period	CY	Units:	Metric Tons
Exports for:	2000		Forecast 2001
U.S.	0	U.S.	0
Others		Others	
E.U.	36,101	E.U.	39,000
-France	8,595	-France	13,000
-Belgium	4,333	-Belgium	6,000
-Germany	11,950	-Germany	9,000
Indonesia	11,210	Indonesia	8,000
India	79	Nigeria	3,000
Mexico	8,949	Mexico	3,000
Algeria	5,036	Algeria	5,000
Cuba	4,285	Thailand	3,000
Singapore	3,260	Singapore	5,000
Total for Others	68,920		66,000
Others not Listed	35,065		10,000
Grand Total	103,985		76,000

Source: Product Board for Dairy.

Prices

During the last three months, prices of NFDM for human consumption and feed were adjusted downwards as a result of the removal of export subsidies, weaker US\$ versus the Euro, and lower demand from the veal sector.

Dairy, Whole Dry Milk

PSD Table						
Country	Netherlands					
Commodity	Dairy, Dry Whole Milk Powder				(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Beginning Stocks	17	17	46	30	32	10
Production	100	97	80	112	0	100
Intra EC Imports	100	100	110	28	0	45
Other Imports	3	4	5	5	0	5
TOTAL Imports	103	104	115	33	0	50
TOTAL SUPPLY	220	218	241	175	32	160
Intra EC Exports	14	14	24	15	0	15
Other Exports	145	159	170	135	0	120
TOTAL Exports	159	173	194	150	0	135
Human Dom. Consumption	15	15	15	15	0	15
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	15	15	15	15	0	15
TOTAL Use	174	188	209	165	0	150
Ending Stocks	46	30	32	10	0	10
TOTAL DISTRIBUTION	220	218	241	175	0	160
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Note: Production, trade, and consumption figures are provided by the Product Board for Dairy.

Production

During the past five years, Dutch whole milk powder production decreased steadily to about 100,000 MT. In 2000, it declined 12 percent to 97,000 MT as a result of increased Dutch cheese production. In the first seven months of 2001, the production of WDM reportedly increased by more than 10 percent.

Trade

During the past five years, Dutch imports of whole milk powder stabilized at about 100,000 MT. In 2000, Dutch imports were 104,000 MT. In 2001, however, Dutch WDM milk imports are expected to drop considerably as a result of reportedly increased production and low exports. In 2000, WDM exports declined 9 percent to 173,000 MT. Major declines were reported for Germany, Russia, Ivory Coast, Egypt, Yemen and Taiwan. During the first half of 2001, Dutch WDM exports declined considerably by 22 percent to 74,000 MT. In particular, exports to Saudi Arabia dropped.

Trade Matrices

Import Trade Matrix			
Country	Netherlands		
Commodity	Dairy, Dry Whole Milk Powder		
Time period	CY	Units:	Metric Tons
Imports for:	2000		Forecast 2001
U.S.	0	U.S.	0
Others		Others	
E.U.	99,826	E.U.	28,000
-France	10,377	-France	2,000
-Belgium/Lux	18,401	-Belgium	5,000
-Germany	34,520	-Germany	10,000
-U.K.	18,744	-U.K.	5,000
-Ireland	12,576	-Ireland	2,000
Czech Rep.	1,057	Czech Rep.	1,500
Estonia	1,328	Estonia	1,500
Lithuania	1,057	Lithuania	1,500
Total for Others	103,268		32,500
Others not Listed	591		500
Grand Total	103,859		33,000

Export Trade Matrix			
Country	Netherlands		
Commodity	Dairy, Dry Whole Milk Powder		
Time period	CY	Units:	Metric Tons
Exports for:	2000		Forecast 2001
U.S.	51	U.S.	100
Others		Others	
E.U.	14,017	E.U.	15,000
-Belgium	2,839	-Belgium	4,000
-Germany	6,865	-Germany	8,000
Ivory Coast	1,408	Algeria	5,000
Saudi Arabia	30,433	Saudi Arabia	28,000
United Arab Em.	12,810	United Arab Em.	10,000
Nigeria	7,527	Nigeria	12,000
Dominican Rep.	6,855	Dominican Rep.	6,000
Oman	6,470	Oman	5,000
Venezuela	6,179		5,000
Total for Others	85,699		98,000
Others not Listed	87,098		51,900
Grand Total	172,848		150,000

Trade Matrix Note: The 2000 figures are provided by the Product Board for Dairy.

Prices

Since June, the price of whole dry milk decreased as result of the elimination of export subsidies and a weaker US\$ versus the Euro.